



**THOMAS L. GARTHWAITE, M.D.**  
Director and Chief Medical Officer

**FRED LEAF**  
Chief Operating Officer

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-8101

**BOARD OF SUPERVISORS**

**Gloria Molina**  
First District

**Yvonne Brathwaite Burke**  
Second District

**Zev Yaroslavsky**  
Third District

**Don Knabe**  
Fourth District

**Michael D. Antonovich**  
Fifth District

February 18, 2005

TO: Each Supervisor

FROM: Thomas L. Garthwaite, MD  
Director and Chief Medical Officer

**SUBJECT: PRIVATE HOSPITAL TRAUMA AND EMERGENCY PHYSICIAN  
COVERAGE**

The Department of Health Services (DHS) has filed a letter entitled "Approval of a Trauma Center Service Augmentation Agreement with St. Francis Medical Center, Additional Funding for the Non-County Physician Services for Indigents Program and Harbor-UCLA Medical Center, and Related Appropriation Adjustments" for your consideration on the February 22, 2005 a Board agenda. This Board letter addresses the remaining trauma system changes that are necessary to ensure appropriate service availability upon the closure later this month of the trauma unit at King/Drew Medical Center.

As you know, the private trauma and emergency hospitals experience significant difficulty in obtaining the physician coverage necessary to provide trauma and emergency services. This is due, in large part, to the lack of available resources to support the provision of indigent care by physicians. The primary source of funding to reimburse private hospitals for trauma and other emergency physician services is the state Physician Services for Indigents Program (PSIP). Current funding under PSIP, for both trauma and other emergency services, will not be sufficient to maintain the current reimbursement fee schedule for all the claims anticipated to be submitted by participating non-County physicians providing services at private hospitals during Fiscal Year 2004-05. Without these resources, the ability of private hospitals to maintain physician specialty call panels for trauma centers and emergency departments is threatened.

The inadequacy in PSIP funding is addressed in part in the Board letter filed for the February 22 agenda. Specifically, this action would allocate Measure B funds to fill the gap in funding available to support private trauma physician services countywide and to address the cost of emergency physician services for indigents at St. Francis Medical

Center. The Board letter provides funding for emergency physicians at only St. Francis Medical Center to address the surge in the number of indigent patients seeking care at the hospital over the past year, as a result of the negative publicity associated with the problems at King/Drew Medical Center. St. Francis Medical Center's location only two miles from King/Drew Medical Center places it in a unique situation that requires attention.

Even though the Board letter filed for next week provides funding for emergency physician services only at St. Francis Medical Center, the Department recognizes the serious problems being faced by other private emergency rooms as a result of the increased volume of indigent patients seeking care.

#### Background on Trauma and Emergency Physician Funding

There has been a steady erosion of funding since the 1987 enactment by the State Legislature of legislation allowing counties to establish an Emergency Medical Services (EMS) fund (e.g., the Maddy or SB 612 funds) to compensate physicians and medical facilities for emergency services provided to indigent patients. This decline in funding has placed the emergency and trauma network at great risk. These funds are derived from additional penalties assessed on fines and bail forfeitures that the courts collect for certain criminal offenses and motor vehicle violations. The formula for fund distribution, including the percentage for the PSIP, is specified in statute.

Early in the program, the annual deposits to the County's PSIP exceeded reimbursements, creating a surplus. This reserve fund was \$12.0 million at the end of FY 2000-01. Factors contributing to the reduction of this reserve fund to \$0.6 million at the end of FY 2003-04 are: increased physician participation in the reimbursement program; an increase in reimbursement rates prompted by problems maintaining physician call panels for hospital emergency departments and legislation placing a limit on the amount of reserve funds allowed; and decreases in the state revenues supporting these services.

Further, in October 1989, legislation was signed into law (AB 75) that addressed the distribution of Proposition 99 Tobacco Tax revenues. AB 75 established the California Healthcare for Indigents Program (CHIP), a program that appropriates statewide funding for hospitals, physicians and other health services for indigent persons. These funds are allocated to counties based primarily on each county's share of the financial burden of providing health services to those who are unable to pay. AB 75 dictates the portion of these funds that must be allocated to the County's PSIP.

Over the years, Proposition 99 funding for the PSIP steadily decreased, with no funding provided in Fiscal Years 2002-03 or 2003-04. The decline in this revenue source led to the increased use of the Maddy/SB 612 reserve fund to maintain physician payments for indigent care at the current rates. Starting in Fiscal Year 2001-02, to partially restore diminishing Proposition 99 funds available for the PSIP, the State's budget has included an appropriation specifically for physician reimbursement of emergency care provided to

indigent patients.

The amount of funding for the Fiscal Year 2004-05 PSIP, provided by this appropriation, SB 612 (including prior year fund balance and interest earnings), and Proposition 99 funds, is currently projected to be approximately \$20.4 million. The projected Fiscal Year 2004-05 expenditure requirement is approximately \$27.0 million, resulting in a projected shortfall of \$6.6 million.

Impact to the Trauma and Emergency System

The continued decline in state funding, with no anticipated replacement or supplementation, stands to dramatically impact the ability of private hospitals to obtain the necessary physician coverage to maintain trauma and emergency services. The Department believes this matter is of the significance to warrant your Board's consideration of options to ensure the continued availability of these services across the County; particularly considering the precedent that would be set by backfilling the lost State revenue with County resources. The Department will be reporting back within the next several weeks with recommended actions to address this issue.

Please let me know if you have any questions.

TLG:cm

Attachments

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors  
Auditor-Controller